MENOMONEE VALLEY 2.0
MARKET STUDY

4 November 2014

- FINAL REPORT –

Disclaimer: The analysis in this report is based on data provided by others and is not intended to be comprehensive in nature. Major policy, planning, infrastructure and investment decisions should not be made based solely on the analysis documented in this market study. It is intended to provide a basis for future decision making via a thorough land use and economic development planning process.

The Menomonee Valley 2.0 Market Study was completed in 2013 and 2014 for the City of Milwaukee, Department of City Development. Contributors to this analysis include:

- Nathan Guequierre, URS Corporation
- James Hannig, URS Corporation
- Alexa Mothen, URS Corporation
- Virginia Carlson, Ph.D, Public Policy Forum
- Joe Peterangelo, Public Policy Forum
- Karen Baker Mathu, Bay Ridge Consulting
- Matthew Schumwinger, Big Lake Data

MENOMONEE VALLEY 2.0 MARKET STUDY: INTRODUCTION

In support of the City of Milwaukee's Menomonee Valley Comprehensive Area Plan Update 2014, called Valley 2.0, a team of planners and economists completed a study of the industrial, labor and real estate markets in southeast Wisconsin and the Menomonee River Valley planning area in the City of Milwaukee. This report documents findings and outlines policy and planning implications of those findings.

The Market Study is divided into three parts:

- Findings from the stakeholder involvement process;
- Findings from an analysis of the state of the manufacturing market and labor market in southeastern Wisconsin;
- Findings from an analysis of land use in the Menomonee Valley.

This market study is intended to inform the Valley 2.0 planning process and to provide a baseline understanding of economic conditions in the Menomonee Valley.

Planning Context

The Valley 2.0 Plan updates the findings and recommendations of a 1998 plan to guide the development of the Menomonee Valley area for the next twenty years. The Valley 2.0 plan is intended to complement both the city's and the State of Wisconsin's comprehensive planning structure.

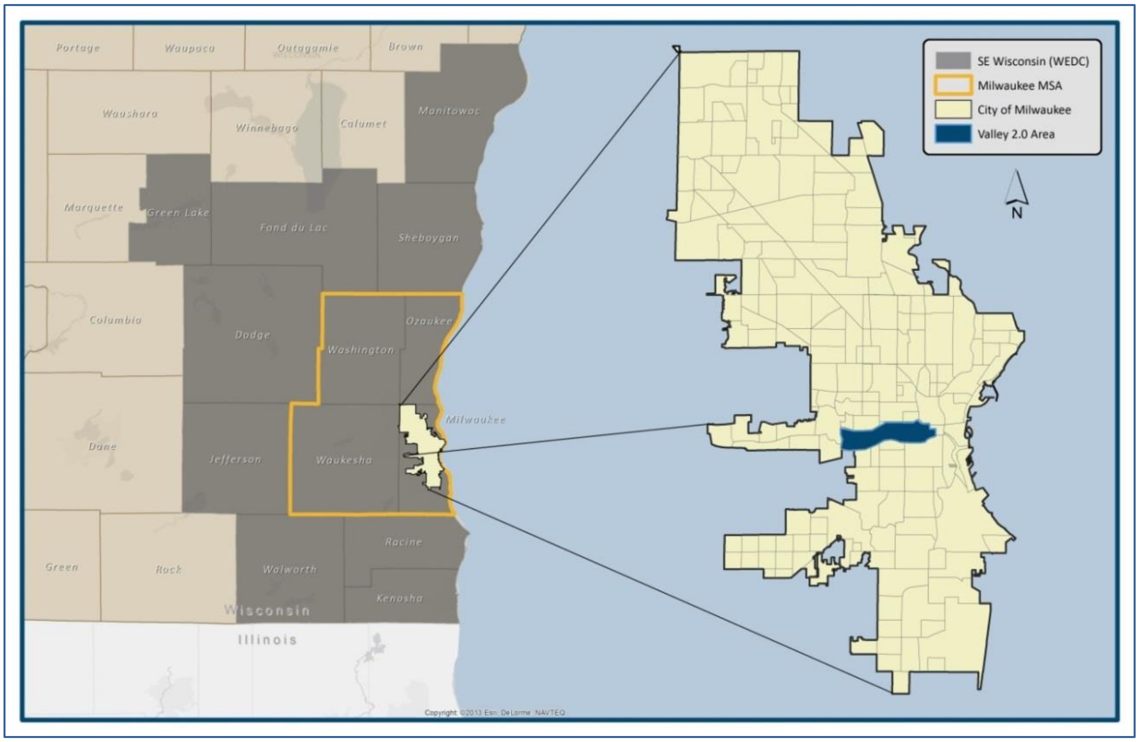
The Menomonee Valley, located along the banks of the Menomonee River adjacent to downtown Milwaukee in the center of the city, is the historic heart of industrial Milwaukee. The recommendations of the 1998 plan have been implemented by both public and private entities to great success, leading to a dramatic redevelopment of the Valley for industrial, entertainment and recreational uses. The Valley 2.0 Market Study supports the Valley 2.0 plan by identifying target economic sectors that could successfully locate in the Valley and generate jobs for workers in adjacent neighborhoods and throughout southeastern Wisconsin, while also evaluating the real estate market in the area for future development.

Data are available for specific geographies, which sometimes overlap only partly. For the purposes of this market study, the following geographic definitions apply:

- Wisconsin means the entire state of Wisconsin.
- Southeast Wisconsin includes 13 counties – Milwaukee, Waukesha, Ozaukee, Washington, Racine, Kenosha, Walworth, Dodge, Fond du Lac, Green Lake, Jefferson, Manitowoc and Sheboygan. This area is defined by the Wisconsin Economic Development Corporation.
- The Milwaukee Metropolitan Statistical Area, or MSA, is defined by the US Census Bureau to include Milwaukee, Waukesha, Ozaukee and Washington Counties.
- The City of Milwaukee is all the area within the city limits.
- The Menomonee Valley Planning Area includes the area along the Menomonee River from Miller Park to the confluence of the Menomonee and Milwaukee Rivers in downtown Milwaukee, and is bordered to the north by IH 94, and on the south by the Menomonee Valley River bluff. This geography is defined by the city's comprehensive plan structure.
- Additionally, two areas adjacent to the Menomonee Valley Planning Area are included in this analysis at the request of the city. The St. Paul Avenue district is located along St. Paul Avenue between 27th Street and 6th Street, along the northern edge of the Valley Planning Area. The Pierce and Bruce Streets district is located along the south edge of the Valley Planning Area, encompassing the neighborhood along Pierce and Bruce Streets between 16th Street and 6th Street.

Selected geographies are shown in **Figure 1.**

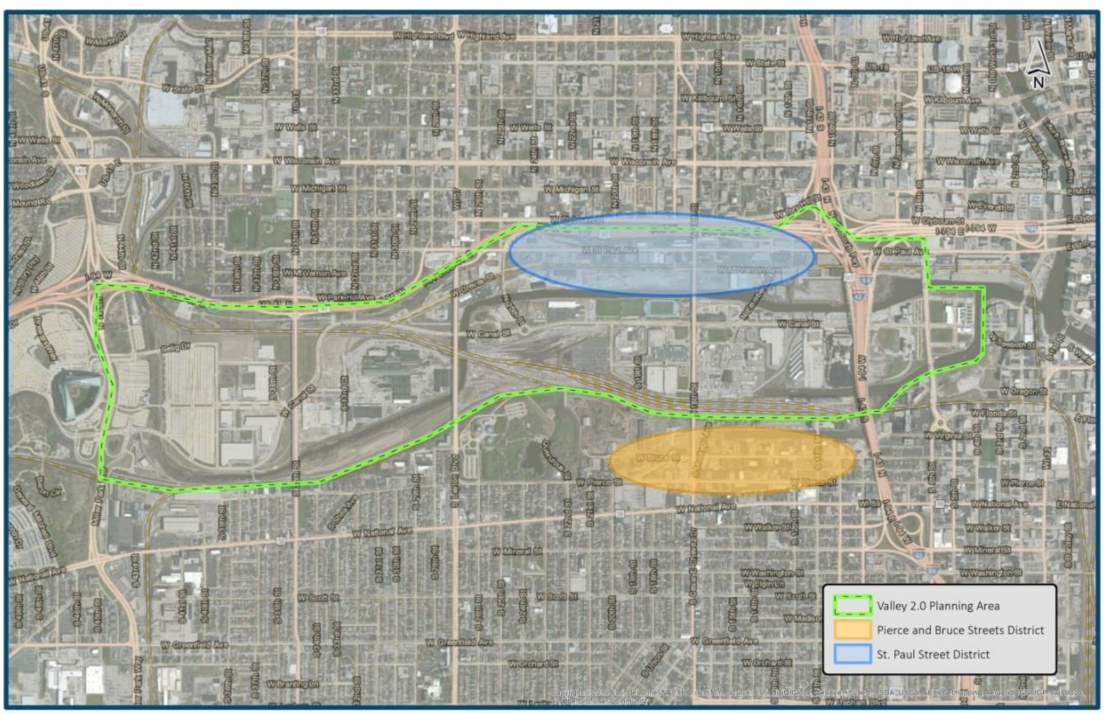
Figure 1 – Economic Analysis Geography



Source: URS

The Valley 2.0 planning area is shown in more detail in **Figure 2.**

Figure 2 – Menomonee Valley 2.0 Market Analysis Study Area



Source: URS

Valley 2.0 Market Study Scope

The Valley 2.0 Market Study gathered and evaluated a range of quantitative and qualitative data on conditions in the Menomonee River Valley and Milwaukee's industrial economy. In order to provide analysis to further the plan's guiding principles – particularly increased employment opportunities – analyses included:

1. An evaluation of trends in Milwaukee's manufacturing economy, examining both industrial outputs for the region's driver industry sectors and employment trends in those sectors;
2. Locational advantages and disadvantages of the Menomonee Valley for manufacturing and other uses;
3. Land use trends in the Menomonee Valley, including parcels subject to change;
4. Real estate requirements for driver manufacturing sectors;
5. Employment characteristics of existing Valley manufacturing sectors.

Summary of Market Study Findings

Key findings from the Valley 2.0 Market Study are detailed in this section. **Policy implications of the findings from the industrial and land use analyses are discussed at the end of those respective sections. See page 21 (Industrial Market) and page 30 (Real Estate Market) of this report.**

Milwaukee's Manufacturing Economy and the Menomonee River Valley

- Manufacturing is the key to the southeastern Wisconsin economy. Thirty-seven of 41 driver industry sectors for the region are manufacturing sectors.
- Many of these sectors are represented in the Menomonee Valley, including food manufacturing, machine parts manufacturing, chemical manufacturing, foundries and others.
- Many of these sectors are strong export producers; their products manufactured in Milwaukee are sold out of the region and around the world, bringing money into southeastern Wisconsin. Many of these sectors are growing faster in the region in terms of economic production in this region compared to the industry nationally.
- Since the 2007-08 recession, most of the driver sectors in the region have recovered well in terms of output, showing real and sustained productivity growth between 2008 and 2011.
- Employment has not kept pace with production. Only two sectors – both in food production – added employees since 2008. All other driver industry sectors shed employment regionally.
- Employment growth in entertainment industries in the Milwaukee Metropolitan Statistical Area has outpaced that of manufacturing. However, entertainment employment represents a smaller share of total employment in the region than does manufacturing. Furthermore, employment in manufacturing has been growing at a faster pace over the last two years than has entertainment employment.
- Based on experience with past recessions, it is likely that at some point Milwaukee's driver industries will add employment. It can be presumed that manufacturing will continue to be the mainstay of Milwaukee's economy. Manufacturing operations that cannot be outsourced – including machinery set-up, meat cutting and welding – are forecasted to grow between now and 2020. These jobs are already strongly represented in the Valley.

Menomonee Valley Land Use Characteristics

- Land use by area in the Valley is currently 25% manufacturing and 18% entertainment.
- 60% of land in the Menomonee Valley is exempt from taxation. This compares to 33% of the city of Milwaukee as a whole. Large tax exempt land owners include the Potawatomi Bingo Casino, Miller Park and its parking lots, Canadian Pacific Railway, Marquette University's Valley Fields and the City of Milwaukee DPW operations.
- Key assets for manufacturers in the Valley include central location for both employee access and goods shipment, access to freeways, high visibility, and proximity to workforce. For many businesses, proximity to suppliers and markets is not a key factor.
- Most Valley manufacturers do not use rail service, even though it is present in the Valley.
- Availability of large parcels, or the perception of availability of large parcels, is a key factor for attracting new manufacturing enterprises to the Valley.
- The conditions of land in the Valley – poor soils, environmental contamination and in some areas infrastructure deficiencies – present challenges to productive redevelopment. Combined with a perception that it is costly to develop in the city of Milwaukee due to a restrictive regulatory climate, these conditions restrict the universe of industrial developers willing to risk initiatives in the Valley. As in the past, it will likely be necessary for a coalition of interested parties including the city of Milwaukee and Menomonee Valley Partners to take action to reduce both actual and perceived risks to stimulate private investment in the Valley.
- The Valley is home to three major entertainment businesses. Management of these businesses report perceptions of friction between their operations and some of the manufacturing operations, particularly with regard to aesthetics and operational factors. Manufacturing businesses on the Valley floor do not report perceptions of friction. However, manufacturing businesses at the periphery of the Valley perceive conflicts with neighboring land uses. These business owners are afraid that pressure to rezone to non-industrial uses (particularly housing) may threaten their future operations.

MENOMONEE VALLEY 2.0 MARKET STUDY: STAKEHOLDER INVOLVEMENT

Stakeholder involvement activities were undertaken in the fall of 2013 and winter of 2014. Initiatives included key stakeholder interviews, focus groups of real estate brokers and St. Paul Avenue interests, and interviews with business owners who had considered locating in the Menomonee Valley but ultimately chose not to do so. Findings from the market study's stakeholder involvement activities are summarized here.

Stakeholder Interview Summary

Numerous property owners, businesspeople and economic development professionals with direct connections to the Menomonee Valley participated in confidential interviews. These key stakeholders provided insights to the Valley's assets as well as issues to be addressed in the Valley 2.0 plan. They also contributed specific examples of the conditions of the industrial, labor and real estate markets in southeastern Wisconsin to fill out the data-based market analysis. Findings from the interviews are summarized in this section.

Businesses fall generally into three classes regarding their decision to locate in the Valley. First, some businesses are in the Menomonee Valley because they have historic roots in the area. That is, location decisions were made in the distant past, and the businesses have grown up in their present locations. These mature businesses tend to draw employees from throughout the metropolitan area. These businesses include some of the largest operations – in terms of employment – in the city of Milwaukee.

Second, some businesses are located in the Valley due to the existence of permits that allow their operation. These permits are related to water quality and other environmental regulations. These manufacturers are typically housed in older facilities, many of which are not up to the standards of a modern businesses park (i.e. large, open single floor spaces with tall ceilings and controlled loading areas). These businesses would potentially move to more modern locations if such a move were not cost prohibitive and they draw employees largely from neighborhoods adjacent to the Valley. These businesses are in mature industry sectors, and tend to be of small and moderate size in terms of number of employees.

Finally, some businesses have chosen to locate in the Menomonee Valley recently, constructing new plants. These businesses are attracted to the Valley's central location in the metropolitan area, convenient freeway access, and proximity to both workforce and customers. They are strongly moved by the Valley's high visibility and its story as a successful urban redevelopment area. These businesses are in both mature and emerging sectors, and tend to be moderately sized in terms of number of employees, and exhibit growth potential.

The Menomonee Valley exhibits for these stakeholders a number of attributes that make it attractive for business:

1. The Valley's central location in the metropolitan area means easy access for both employees and customers.
2. Land was available for development. However, this does not mean that adequate land is available for continued redevelopment or that land is optimally distributed throughout the Valley. Some property owners are considering marketing surplus land, some are holding surplus in case they require it in the future, and some operations are restricted due to lack of space for expansion or reorganization of operations.
3. Labor supply is very important for some industries. Much of the manufacturing employment population is drawn from neighborhoods immediately contiguous with the Valley. This is particularly true of goods-producing and entertainment industries. For industries drawing workforce from further afield, the Valley's central location provides easy access for a variety of employees.
4. The Valley's high profile as a redevelopment success story is a benefit to some businesses. There are numerous high profile companies already located in the Valley, with more expected to follow. Many Valley businesses showcase state-of-the-art facilities, while large-scale entertainment venues (Miller Park, Potawatomi Casino and the Harley-Davidson Museum) contribute to the Valley's image of success and vitality.
5. The Valley has a strong backbone of transportation, utility and stormwater management infrastructure. Access via freeway is a key strength of the area, but access to neighborhoods surrounding the Valley proper (i.e. St. Paul Avenue and Pierce and Bruce Streets) is compromised for trucking, with narrow rights of way and lack of

space for loading. Stormwater management infrastructure is adequate in the Menomonee Valley Industrial Center, but other areas of the Valley have difficulty managing stormwater. Rail transport facilities occupy a large footprint in the Menomonee Valley, but few businesses rely on rail for goods movement.

6. Access to suppliers, customers and business services is a noteworthy asset for the Valley, but not crucial to many businesses located there. Smaller manufacturing operations tend to source materials and services from nearby businesses more frequently than larger firms.
7. The Valley offers notable amenities to employees, visitors and customers. These include well designed and managed open spaces, access to bicycle trails and the Menomonee River.
8. Being associated with the successful and high profile redevelopment of the Menomonee Valley is very attractive to some business owners. It is a showplace for what Milwaukee can become, and can provide a sense of prestige for businesses located in the area.

Stakeholders identified several elements that could be improved to keep the Menomonee Valley's redevelopment progressing. These fall into several distinct categories:

- **Land Use and Business Mix.** Generally, stakeholders see the future of the Valley as looking more like themselves. That is, manufacturers would like to see more land devoted to manufacturing, and entertainment venues would like to see increased entertainment uses. Nearly all stakeholders are united in the opinion that housing is not an appropriate use in the heart of the Valley; though some difference of opinion on this issue exists in the areas at the Valley's edge. Additional support activities, such as restaurants and coffee shops, child care and employee health care facilities, are desired and could benefit all users of the Valley. Large parcels along or near Canal Street should be preserved for future manufacturing uses.
- **Urban Design and Security.** A unified streetscape, streetlight and design identity would bolster the Valley's redevelopment. As more people use the Valley for recreation and entertainment, additional efforts will be desired to preserve security. A central gathering place may be a welcome addition; perhaps Three Bridges Park can serve this function.
- **Access and Connections.** Stakeholders feel that the Valley would benefit from additional connections to adjacent neighborhoods. Pedestrian bridges and access points are particularly desired. Connectivity to parcels along the north bank of the river is made difficult by the necessity of crossing the rail line.
- **Permitting and the Regulatory Climate.** Dealing with brownfield remediation, stormwater management and riparian or floodplain parcels can present challenges to redevelopment. An ombudsman program could help businesses navigate the complex regulatory system.
- **Business Operations.** Generally, perceptions of conflict in land use are minor. Points of contention include:
    - Occasional traffic congestion from baseball games and concerts at Miller Park.
    - Litter discarded by casino patrons on the 16th Street viaduct
    - Truck traffic and visual impacts from the Materials Recycling Facility
    - Homeless people in unoccupied buildings, on railroad property and public land.
    - Aspects of Cargill transportation operations, particularly unwashed trailer vehicles
- **Special Areas.** The Menomonee River frontage, St. Paul Avenue, and Pierce and Bruce Streets present location-specific issues. The river offers unique opportunities for recreation use, including boat docks and canoe facilities. Some stakeholders believe it might be suited for uses other than manufacturing. The businesses on St. Paul Avenue desire improved streetscaping, parking and attention to vacant buildings. On Pierce and Bruce Streets, the manufacturing business owners are very concerned about the incursion of residential and school uses adjacent to operating businesses. They feel that the presence of children in particular is a bad mix with their more intense uses, such as metal plating and foundries. They believe an

increase in multi-family residences will bring traffic and parking conflicts to an area in which truck access is already an issue.

"Did Not Locate in Valley" Interviews Summary

The proprietors of several manufacturing businesses that considered locating in the Menomonee Valley participated in telephone interviews. Their comments on conditions in the Valley are summarized in this section.

One manufacturer decided not to locate in the Valley because of general economic conditions following the 2007 downturn. Another because he was unsure the soils in the Valley could bear the loads required by his extremely heavy equipment. These businesses felt adequate land area was available for their needs (three or four acres), and stressed the importance of having a labor force nearby that are "good people with a good work ethic." They also felt transportation infrastructure is adequate on the western end of the Valley, and that solid data infrastructure is present. They also noted that the City of Milwaukee was willing to invest in very specific job training for employees.

They were less influenced by the availability of other amenities and the Valley's proximity to downtown. "We run three shifts, and out of 50 employees, maybe two or three go out to lunch" on a given day. The need for nearby daycare facilities was noted. These businesspeople felt that although the Valley's high visibility was not particularly important to their own business success, the Valley's redevelopment was very important for Milwaukee as a whole.

Commercial Real Estate Focus Group

The City of Milwaukee convened a focus group of commercial and industrial real estate brokers to discuss the industrial real estate market in the Valley. Focus groups findings are summarized in this section.

This focus group reported that the overall commercial real estate market seems to be rebounding from the recession, finally having worked through the inventory of available large sites and quality commercial space. Speculative development is beginning on manufacturing space in greenfield suburbs. They expressed that sites of 15-20 acres are very difficult to find, and smaller 3-5 acre sites that are available and ready to build are not in large supply. It was also noted that it is nearly impossible to adapt older manufacturing space to the modern needs of a single floor, industrial ceiling heights, and adequate truck access.

The Menomonee Valley has a desirable proximity to downtown and access to labor. The stormwater management system in the Menomonee Valley Industrial Center is an excellent amenity, allowing larger developments on smaller parcels. Access is suitable for manufacturing on the western end of the Valley, but less so on the eastern end. Better pedestrian connections are a vital necessity for the Valley. The group voiced a perception that it is difficult and costly to do business in the City. Developers need sites that are ready to build, and manufacturers want to negotiate the whole site selection-design-building process as quickly as possible.

The group felt it may be time to loosen up the heavy industry zoning in some parts of the Valley and allow for office space around the Valley's edges. They did not believe the downtown office market would be affected if the development of small, 3,000-4,000 square foot spaces is allowed. It was anticipated that this will attract Class B and C users, as older downtown space is increasingly converted to residential use. Parking for any office space must be available in lots or structures. It was also expressed that St. Paul Avenue would benefit from streetscaping and a parking structure, and residential uses should be considered along the riverfront.

The following are additional suggestions for the Valley made by the group:

- The City or Menomonee Valley Partners (MVP) could set up an ambassador program to help convince industrial users to locate in the Valley;
- Map and create visualizations of available parcels – show how many square feet could be built, how access would work;

- Allow retail-manufacturing combinations;
- Create a regional stormwater management facility; and
- Cluster new industrial development in the center of the Valley.

St. Paul Avenue Redevelopment Focus Group

The City of Milwaukee convened a focus group of St. Paul Avenue property and business owners, along with real estate developers, to discuss the viability of a design district or merchandise mart district on the street, with showrooms and light manufacturing or assembly. Focus groups findings are summarized here.

This focus group reported a design district exists already on St. Paul Avenue, but is not officially identified as such. Contributing businesses include lighting manufacturing and showrooms, a countertop manufacturer and custom artwork production. These businesses serve designers, developers, property managers and the public. By allowing (through zoning) and actively recruiting these and allied industries, the district could flourish. Residential is generally not desired, but some consideration of allowing live-work space on upper floors of large buildings was supported.

Key assets include access to I-94, the ability to create loading zones directly on St. Paul Avenue and the stock of interesting buildings. Key barriers include heavy industrial zoning, perceptions of an insecure environment, dilapidated structures and unkempt vacant lots, and the lack of parking between 17th and 25th Streets.

Needs for the district include:

- Reconstruction of St. Paul Avenue with improved facilities for pedestrians;
- Streetscaping, but a unified theme is not desired. Allow and encourage property owners to upgrade their own frontage through incentives;
- A gateway feature;
- The ability to create small spaces for creative firms in the larger buildings; spaces of 2,500 to 10,000 square feet are needed; and
- Parking improvements, perhaps utilizing land under I-94

This section of the market study examines the industrial economy in the Menomonee Valley, beginning with the overall state of manufacturing and manufacturing employment at a broad scale, and focusing into smaller analysis units. It also presents a snapshot of employment in entertainment and related fields, and a snapshot of employment characteristics of the Valley and its workers. It concludes with a summary of findings and a discussion of policy implications that may be addressed in the Valley 2.0 plan.

Industry Outlook and Analysis

Manufacturing in the United States, when measured by employment, is a shrinking sector of the economy. According to Bureau of Labor Statistics data, 8,000 manufacturing jobs have been lost on average every week since 2000. However, in the last four years, the rate of decline in manufacturing employment has slowed notably, and in southeastern Wisconsin, manufacturing remains the key to the regional economy.

A 2013 comprehensive study completed by the Wisconsin Economic Development Corporation examined state driver industries, accounting for both output and employment. At the three-digit North American Industry Classification System (NAICS) level, classifying industry sectors into broad groups, all 14 driver sectors in the state are manufacturing sectors. Most of these sectors are growing in terms of economic output, and they are all exporting industries, selling their products outside of the state and bringing money into Wisconsin. **Table 1** lists these industries, and notes the percent change in the value of their product exported between 2009 and 2011.

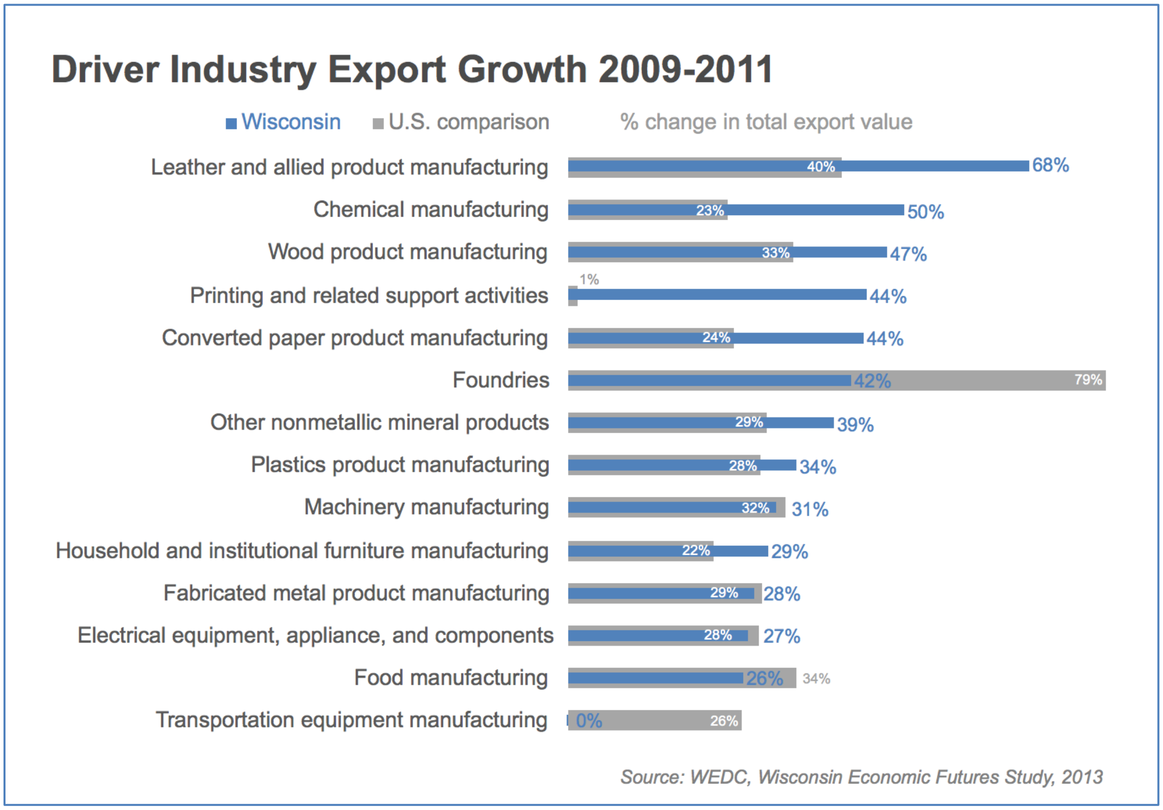
Table 1 – Wisconsin Driver Industries

3-Digit NAICS	Industry Name	Change $ Exported 2009-2011
316	Leather and allied product manufacturing	68%
325	Chemical manufacturing	50%
321	Wood product manufacturing exports	47%
323	Printing and related support activities	44%
322	Converted paper product manufacturing	44%
331	Foundries	42%
327	Other nonmetallic mineral products	39%
326	Plastics product manufacturing	34%
333	Machinery manufacturing	31%
337	Household and institutional furniture manufacturing	29%
332	Fabricated metal product manufacturing	28%
335	Electrical Equipment, appliance, and components	27%
311	Food manufacturing	26%
336	Transportation equipment manufacturing	0%

Source: WEDC, Wisconsin Economic Futures Study, 2013

With the exception of the transportation equipment manufacturing sector, all these industries have seen considerable growth coming out of the 2007-2008 recession. Furthermore, the output of most of these industry sectors is growing in Wisconsin at a faster pace than it is growing for the sector nationwide. The value of products exported between 2009 and 2011 grew more in Wisconsin in the manufacture of leather, chemicals, wood products, printing, converted paper, nonmetallic minerals, plastic products, and household furniture than in the US as a whole. In several other sectors, Wisconsin industry export growth kept pace with the nation. Only the output growth in foundries, food manufacturing and transportation equipment failed to keep pace with the United States, and foundries and food products still saw healthy export growth in Wisconsin in that period, over 40% and 25% respectively. See **Figure 2**.

Figure 2 – Change in Value of Products Exported



At the regional level, industrial data provide a more detailed picture of the state of manufacturing in southeastern Wisconsin. The WEDC cluster analysis identified 41 driver sectors for the state's southeastern region at the four-digit NAICS level. These are industries with high location quotients of both economic output and employment, meaning that their activities are more concentrated in this region than in the nation as a whole, and that they contribute a relatively greater share of the region's economic product. Of those 41 driver sectors, 37 are manufacturing industries; the other four driver industries in large measure provide support for the region's manufacturing activity. Many of these sectors are interrelated, providing materials, services or products for one another. **Table 2** lists the driver industry sectors for southeast Wisconsin, sorted by their 2011 regional employment. For the purposes of the WEDC study, southeast Wisconsin includes the four-county Milwaukee-Waukesha metropolitan statistical area, plus Racine, Kenosha, Walworth, Sheboygan, Manitowoc, Fond du Lac, Green Lake, Dodge, and Jefferson counties. Non-manufacturing sectors are noted in italics. In total, these 41 sectors accounted for more than 168,000 jobs in 2011.

Table 2 – Southeast Wisconsin Driver Industry Sectors

4-Digit NAICS	Industry Name	Employment 2011
3231	Printing and related support activities	13,808
3261	Plastics product manufacturing	10,789
3329	Other fabricated metal product manufacturing	10,451
3327	Machine shops and threaded product manufacturing	10,016
3353	Electrical equipment manufacturing	9,972
3331	Agriculture, construction, mining machinery manufacturing	8,513
3315	Foundries	7,479
3336	Turbine, power transmission equipment manufacturing	6,785
3339	Other general purpose machinery manufacturing	6,512
3222	Converted paper product manufacturing	5,931
3116	Animal slaughtering and processing	5,854
3335	Metalworking machinery manufacturing	5,362
3115	Dairy product manufacturing	5,214
5182	*Data processing and related services*	*5,163*
3321	Forging and stamping	5,010
3256	Soap, cleaning compound, and toiletry manufacturing	4,373
3399	Other miscellaneous manufacturing	4,230
3328	Coating, engraving, and heat treating metals	3,251
3119	Other food manufacturing	3,170
3114	Fruit and vegetable preserving and specialty	3,150
3369	Other transportation equipment manufacturing	2,942
3352	Household appliance manufacturing	2,827
3332	Industrial machinery manufacturing	2,815
3322	Cutlery and hand tool manufacturing	2,475
3371	Household and institutional furniture manufacturing	2,459
4246	*Chemical merchant wholesalers*	*2,357*
3324	Boiler, tank, and shipping container manufacturing	2,202
3359	Other electrical equipment and component manufacturing	2,065
3334	HVAC and commercial refrigeration equipment	1,947
3326	Spring and wire product manufacturing	1,607
3333	Commercial and service industry machinery	1,553
3255	Paint, coating, and adhesive manufacturing	1,373
3325	Hardware manufacturing	1,353
3113	Sugar and confectionary product manufacturing	1,136
3362	Motor vehicle body and trailer manufacturing	1,077
3351	Electric lighting equipment manufacturing	780
3279	Other nonmetallic mineral products	615
4855	*Charter bus industry*	*443*
3162	Footwear manufacturing	423
3161	Leather and hide tanning and finishing	383
4889	*Other support activities for transportation*	*307*

***Source**: WEDC, Wisconsin Economic Futures Study, 2013*

The study team identified approximately 100 businesses in the Valley 2.0 planning area. At the four-digit NAICS level, 20 existing Valley businesses fall into the 37 regional driver sectors. These are detailed in **Table 3**. Other businesses are in closely related sectors. For example, three chemical manufacturing operations are closely allied with driver sector 325: Chemical Manufacturing.

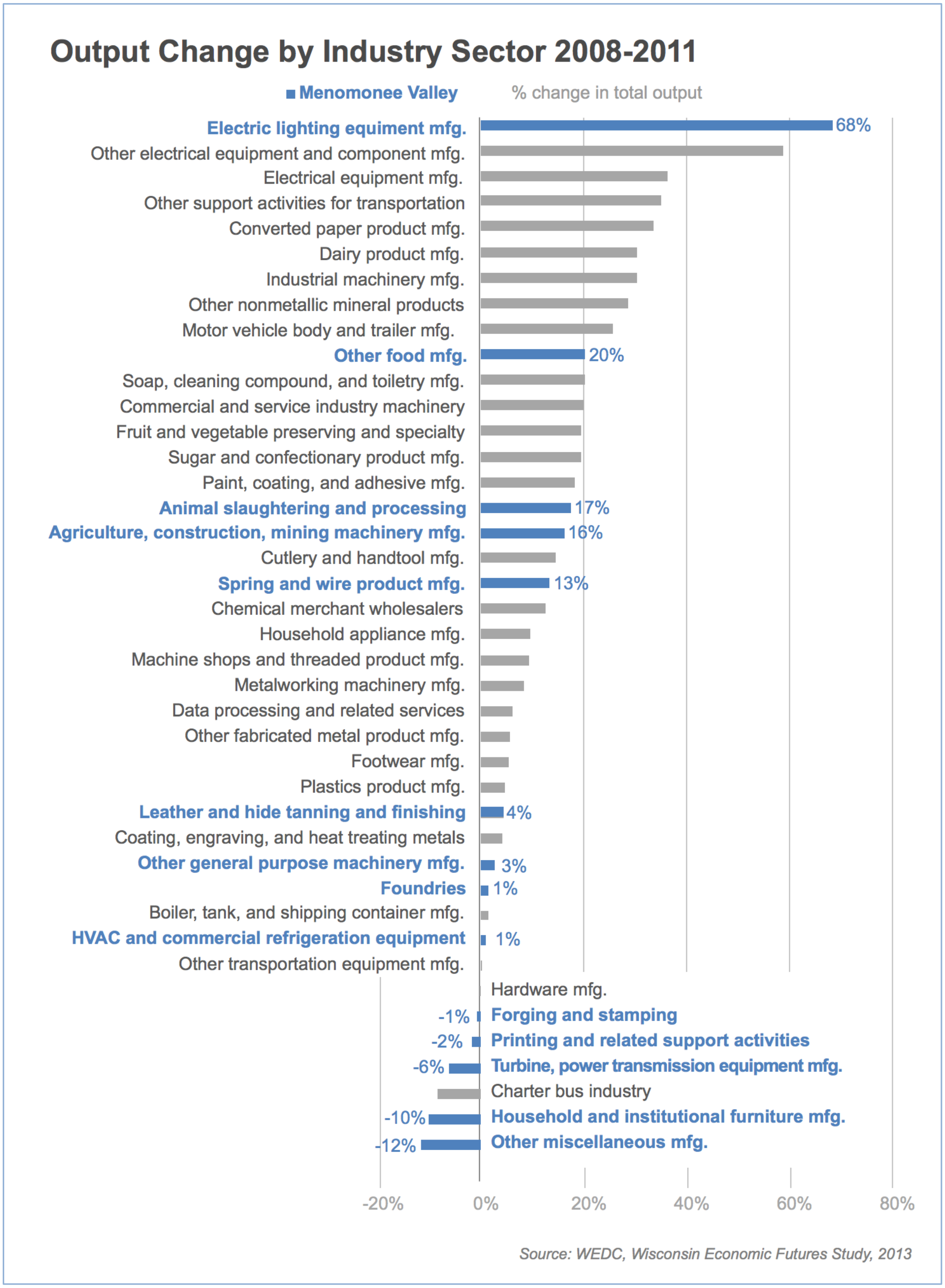
Table 3 – Menomonee Valley Businesses in Southeast Wisconsin Driver Sectors

Valley Business	NAICS Code	Industry Sector
Palermo Villa Inc.	3114	Frozen Specialty Food Manufacturing
Cargill Meat Solutions	3116	Meat Processed from Carcasses
Thiele Tanning Co	3161	Leather and hide tanning and finishing
D.R. Diedrich & Co	3161	Leather and hide tanning and finishing
Sign-a-Rama	3231	Printing and related support activities
Splat! DPI	3231	Printing and related support activities
Materion	3251	Inorganic chemical manufacturing
Vulcan Global Manufacturing	3315	Foundries
Mid-City Foundry Company	3315	Foundries
General Press Fabricating	3321	Forging and stamping
Charter Wire	3326	Spring and wire products manufacturing
Joy Global	3331	Agriculture, construction, mining machinery manufacturing
Rexnord Geared Products	3331	Agriculture, construction, mining machinery manufacturing
Caleffi North America Inc.	3334	HVAC and commercial refrigeration equipment
Ingeteam	3336	Turbine, power transmission equipment manufacturing
Milwaukee Hydraulic Products	3339	Other general purpose machinery manufacturing
Brass Light Gallery	3351	Electrical lighting equipment manufacturing
House of Stone	3371	Household and institutional furniture manufacturing
Mitchell Furniture Systems	3371	Household and institutional furniture manufacturing
Derse	3399	Other miscellaneous manufacturing

Source: WEDC, Wisconsin Economic Futures Study, 2013; Menomonee Valley Partners

Since the 2007-2008 recession, manufacturing output has strongly rebounded in southeastern Wisconsin for the majority of driver industry sectors. Particularly strong growth has been experienced for electrical lighting and equipment manufacturing, industrial machinery manufacturing, converted paper products, food processing and some chemical manufacturing. Hardware manufacturing, printing miscellaneous manufacturing has exhibited continued shrinkage during this period. **Figure 3** shows percent change in output. Industries represented in the Menomonee Valley are shown in blue.

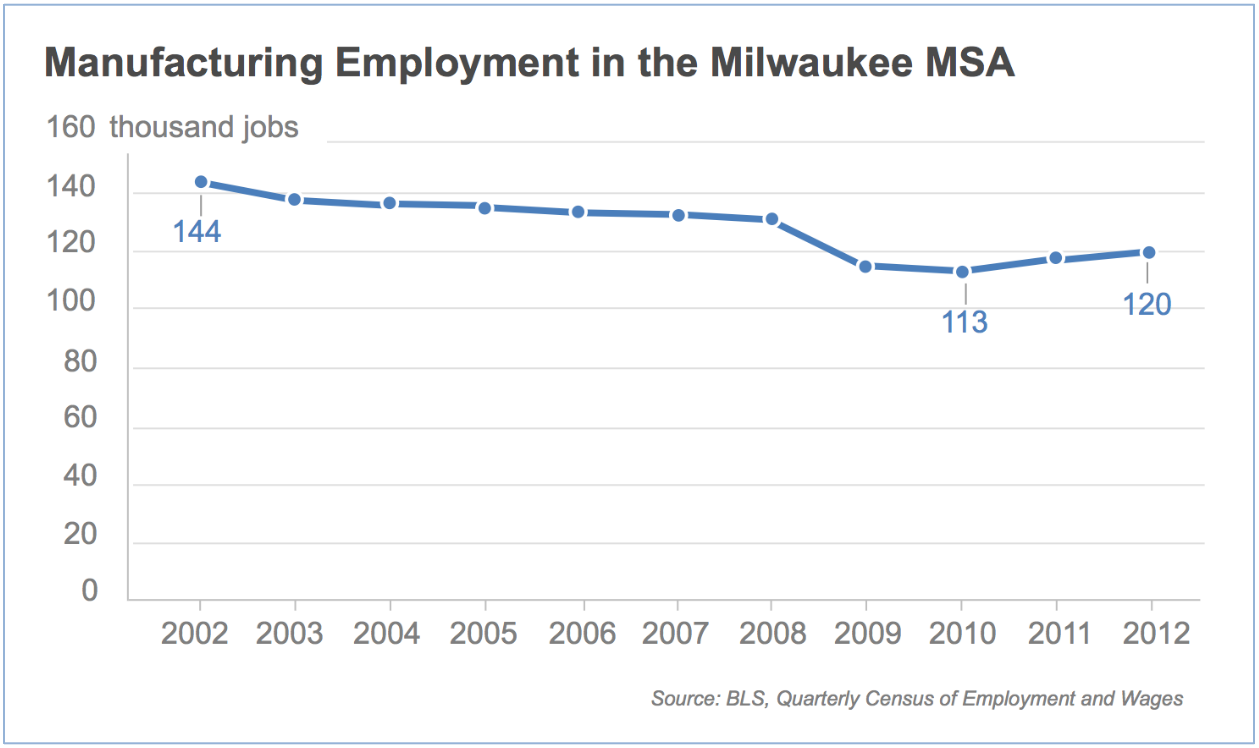
Figure 3 – Output Change 2008-11 for SE Wisconsin Driver Industries



Industrial Employment

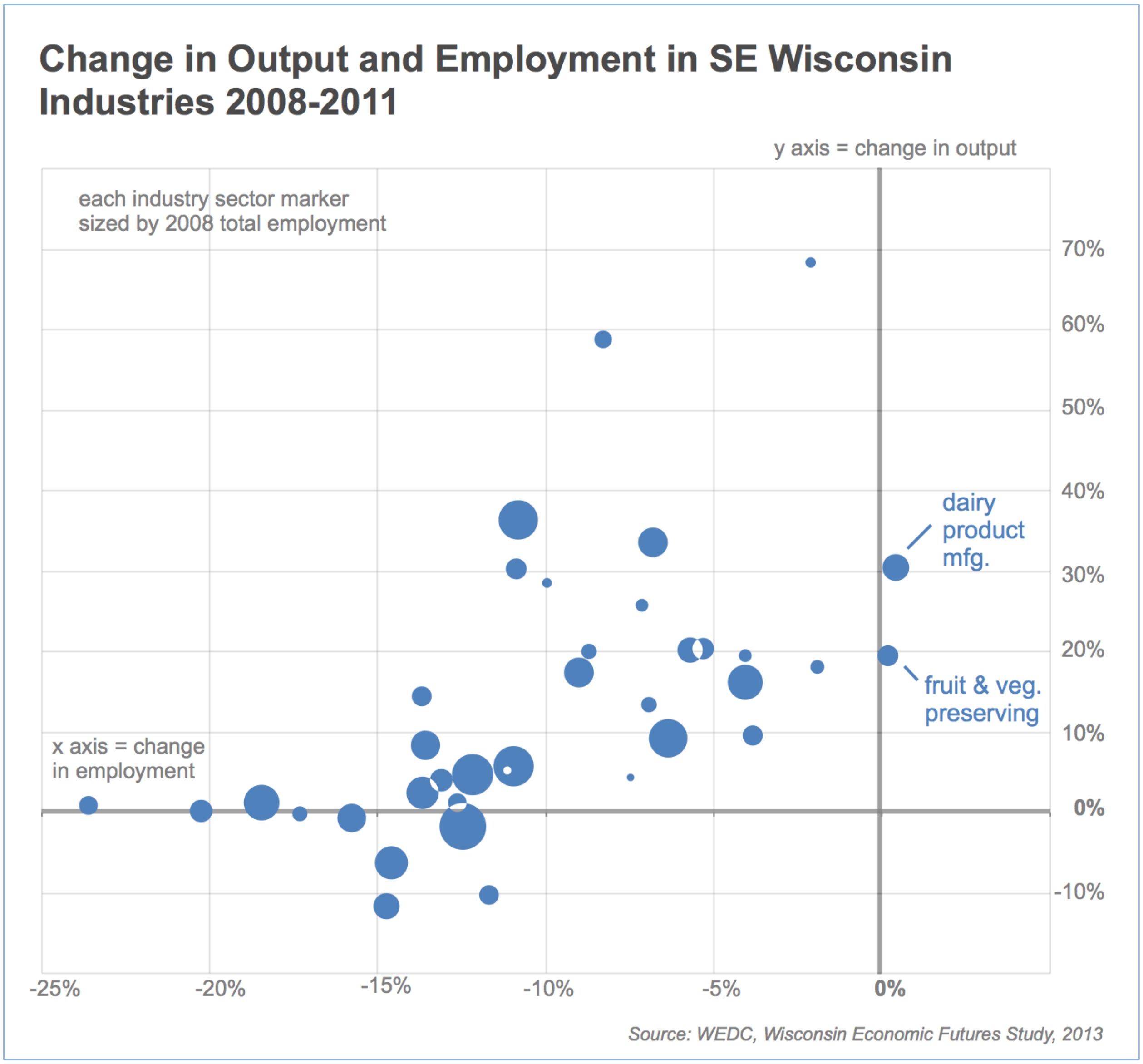
In the Milwaukee metropolitan area, as in the nation, manufacturing employment has experienced a long term decline over the last decades. However, that long term trend has been reversed since 2010, with jobs added to the production sectors. **Figure 4** shows this trend. Since 2002, the number of manufacturing jobs in the metropolitan area declined from nearly 144,000 to a low of just under 113,000 in 2010. Since then, more than 6,700 production jobs have been added, for a total of nearly 120,000.

Figure 4 – Production Jobs in the Milwaukee MSA



Although output is rising since the recession ended, and overall industrial employment is also up, for specific driver industry sectors in southeastern Wisconsin, the effects of this change are less clear. While a majority of industry sectors in southeast Wisconsin have recovered from the 2007-09 recession in terms of output and exports, employment has not recovered to the same degree. Of the driver sectors, only two have shown growth in employment between 2008 and 2011. Both of these sectors – fruit and vegetable preserving and dairy product manufacturing – are in the 311 NAICS sector, food production. All other industries shed employment during this period. **Figure 5** displays percent change in industrial output on the vertical axis, and percent change in employment on the horizontal axis for all southeast Wisconsin driver industries.

Figure 5 – Change in Output and Employment, 2008-2011



Note that these data do not include 2012 employment figures, which have shown a continued rise in manufacturing jobs in the Milwaukee MSA; furthermore, in the first half of 2013, the region continued to add jobs, albeit at a slow pace. Based on experience with past recessions, it is likely that at some point Milwaukee's driver industries will add employment. Given the growth of output in most of the region's driver sectors, it is likely that manufacturing will continue to be the mainstay of Milwaukee's economy. Anecdotal evidence from the stakeholder outreach program supports this notion, although in Wisconsin, as with the nation, recession recovery has not yet been reflected in gains in employment.

The Bureau of Labor Statistics recently published its forecasts of job growth by occupation for the period 2010 to 2020. The report observed that United States "production occupations are projected to add 356,800 new jobs, resulting from a slower than average 4.2 percent growth rate. This growth is dwarfed by the 2.1 million jobs that were lost in this group from 2006 to 2010 as the manufacturing sector was hit hard by the recession."[1] It should be noted that this figure is for new jobs only, and does not account for openings due to turnover in the workforce.

Despite the considerable gains in productivity that have taken place during the recession, requiring fewer workers to achieve increasing production, some occupations are forecast to see considerable growth through this decade. These are primarily occupations that "can't be outsourced," such as machinery and equipment set up. These occupations are expected to grow at or slightly more than the rate of all United States employment, forecast at approximately 14.3%. **Table 4** outlines this forecasted growth for select occupations.

Table 4 - Select US Occupation Growth Forecasts

Occupation	Employment 2010	Forecasted Employment 2020	Percent change	Employment change
Industrial Machinery Mechanics	158,600	186,600	17.7%	28,000
Welders, Cutters, Solderers, and Brazers	205,000	230,500	12.5%	25,600
Computer-Controlled Machine Tool Operators	122,000	144,600	18.6%	22,600
Heavy and Tractor-Trailer Truck Drivers	128,300	149,000	16.2%	20,800
Meat, Poultry, and Fish Cutters and Trimmers	126,700	146,900	16.0%	20,200

Source: US Bureau of Labor Statistics

Looking at two of these occupations with the Industry-Occupation Crosswalk, which correlates jobs with industry sectors, reveals the manufacturing sectors with which these jobs are associated. Considering Industrial Machinery Mechanics and Welders, Cutters, Solderers and Brazers, two occupations of classes forecasted to grow at about the same rate as the workforce as a whole, several industry sectors with strong presences in southeastern Wisconsin are projected to add to their workforces with these jobs. **Table 5** and **Table 6** present examples for these occupations.

Table 5 – Outlook for US Industrial Machinery Mechanics by Industry Sector

Industrial Machinery Mechanics	Employment 2010	Forecasted Employment 2020	Percent change	Employment change
Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance	28,500	38,100	33.7%	9,600
Machinery, equipment, and supplies merchant wholesalers	21,200	25,900	22.2%	4,700
Plastics product manufacturing	8,200	11,800	43.9%	3,600
Local government, excluding education and hospitals	8,600	11,200	30.2%	2,600
Animal slaughtering and processing	7,900	10,000	26.6%	2,100

Source: US Bureau of Labor Statistics

[1] C. Brett Lockard and Michael Wolf, "Occupational Employment Projections to 2020," Monthly Labor Review, January 2012.

Table 6 – Outlook for US Welders, Cutters, Solderers and Brazers by Industry Sector

Welders, Cutters, Solderers and Brazers	Employment 2010	Forecasted Employment 2020	Percent change	Employment change
Architectural and structural metals manufacturing	39,400	57,500	46.0%	18,100
Foundation, structure and building exterior contractors	9,300	15,900	71.4%	6,600
Nonresidential building construction	8,200	12,000	46.6%	3,800
Utility system construction	8,000	11,400	42.2%	3,400
Boiler, tank and shipping container construction	12,500	15,400	22.9%	2,900

Source: US Bureau of Labor Statistics

Entertainment Employment

In addition to manufacturing, the Menomonee Valley is home to several major entertainment destinations, including Miller Park, the Potawatomi Casino and the Harley-Davidson Museum. The Potawatomi operation, in particular, is a major employer in the Valley. Since 2002, employment growth in entertainment industries in the Milwaukee Metropolitan Statistical Area has outpaced that of manufacturing, which has declined in real numbers. **Table 7** shows these data. "Entertainment" here means arts and entertainment along with employment in accommodations and food service.

Table 7 – Change in Employment 2002-2012, Milwaukee Metropolitan Statistical Area

Sector	Change in Employment	Percent Change
All Employment	-23,960	-3.3%
Manufacturing Employment	-24,259	-16.9%
Entertainment Employment	+6,038	+9.3%

Source: BLS, Quarterly Census of Employment and Wages

The 2007-2009 recession affected the two sectors differently as well. Table 8 shows the effects of the recession on manufacturing and entertainment employment in the Milwaukee MSA. Of the nearly 2,800 entertainment jobs lost between 2006 and 2010, fully 99% of those jobs were regained in between 2010 and 2012. Manufacturing was particularly hard hit in the recession. Production occupations, which saw more than 14,000 jobs disappear between 2006 and 2010, recovered only about 31% of those losses by the end of 2010. Still, this represented more than 6,700 jobs, nearly three times the number gained in entertainment employment. Furthermore, employment in manufacturing has been growing at a faster pace over the last two years than has entertainment employment. **Table 8** shows these data.

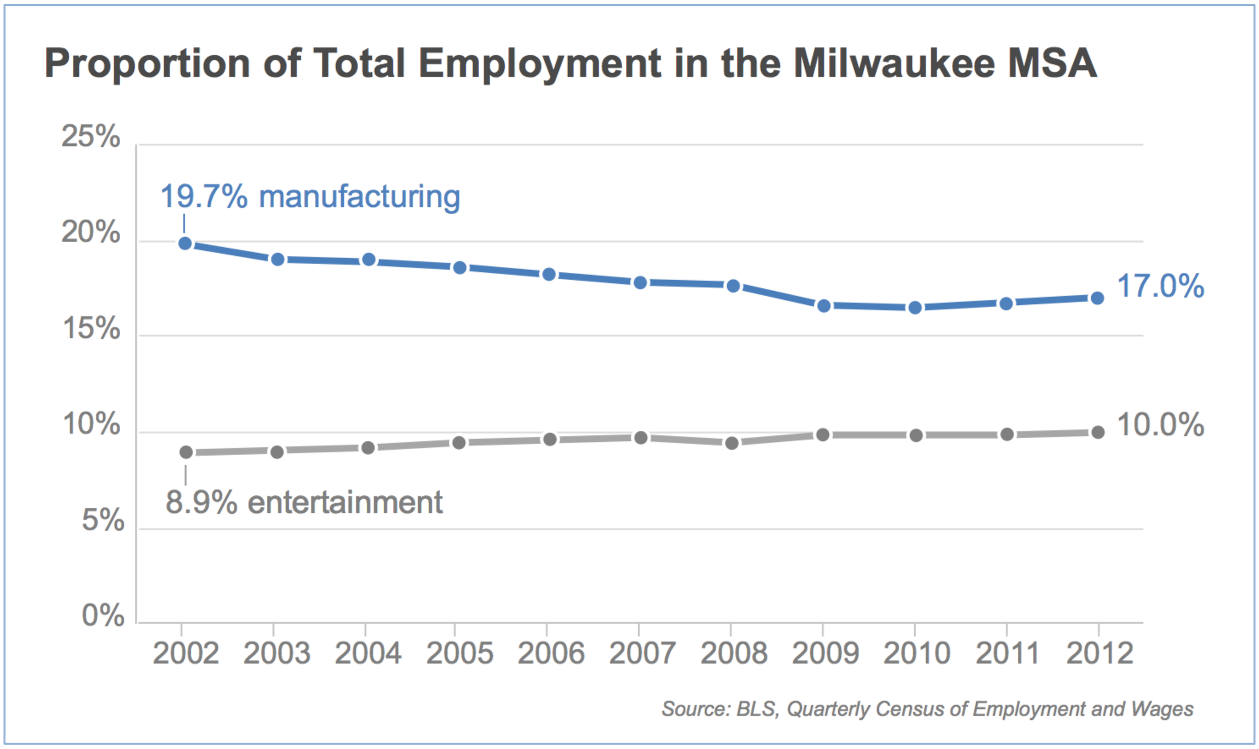
Table 8 – Recession and Employment Recovery, 2006-2012, Milwaukee MSA

Sector	Change in Employment 2006-2010		Change in Employment 2010-2012		Proportion of Jobs Recovered
	Number	Percent	Number	Percent	
Manufacturing	-14,294	-15.7%	+6,713	+5.9%	32.0%
Entertainment	-2,786	-3.9%	+2,763	+4.1%	99.2%

Source: BLS, Quarterly Census of Employment and Wages

Overall, entertainment employment represents a considerably smaller share of total employment in the region. **Figure 6** shows proportion of employment in the Milwaukee Metropolitan Statistical Area from 2002 to 2012.

Figure 6 – Manufacturing and Entertainment Employment 2002-2012



Although manufacturing remains the key driver of the Milwaukee area economy, when measured by employment, the entertainment sectors are slowly converging on the production sectors. A 2002 difference of nearly 11% had shrunk to 7% by 2012. However, entertainment employment produces markedly lower wages than does manufacturing. According to the Bureau of Labor Statistics, the median annual 2010 wage in manufacturing occupations was $30,330, while for food service jobs it was $18,770; for building and grounds cleaning and maintenance occupations the 2010 median wage was $22,490. Furthermore, manufacturing produces goods for export, bringing in money from outside the region; entertainment businesses export a smaller proportion of their economic output.

Menomonee Valley Employment Characteristics

The Valley is a major employment center for the City of Milwaukee. In 2011, census tract 1868, which encompasses most of the Menomonee River Valley planning area, was home to 4,600 jobs, about 1.5% of all 300,000 jobs in the City of Milwaukee. However, 7.2% of all Milwaukee manufacturing jobs are located in the tract – 2,075 jobs in the Valley of 29,000 jobs citywide. In other words, an employee in the Valley is 4.5 times more likely to be employed in manufacturing than the average employed resident. The ratio is valid for utility occupations, as well: 6.8% of all city jobs in this sector are located in the Valley, for a total of 144 jobs.

Similarly, with more than 700 employees, the Valley is also home to a high concentration of jobs in the arts, entertainment and recreation sectors, with more than 10% of all city jobs in these industries. Finally, although accommodation and food service employment in the Valley is about 2.8% of city employment in the these sectors, Valley workers are nearly twice as likely to be employed in accommodation and food service than is the city workforce as a whole. This proportion is likely to grow considerably in the Menomonee Valley when the Potawatomi Hotel opens in 2014. These data are summarized in **Table 9**. Sectors are highlighted in which Valley employment is greater than the overall proportion of city jobs in the Valley.

Table 9 - Valley Jobs as Proportion of City Jobs

Jobs by Industry Sector	City of Milwaukee 2011 Jobs	Tract 1868 2011 Jobs	Valley Jobs as a Proportion of all City Jobs
All Jobs	299,751	4,600	1.5%
Agriculture, Forestry, Fishing and Hunting	60	0	0.0%
Mining, Quarrying, and Oil and Gas Extraction	17	0	0.0%
Utilities	2,114	144	**6.8%**
Construction	4,688	276	**5.9%**
Manufacturing	28,977	2,075	**7.2%**
Wholesale Trade	11,258	180	**1.6%**
Retail Trade	16,501	74	0.4%
Transportation and Warehousing	8,695	11	0.1%
Information	7,997	4	0.1%
Finance and Insurance	23,467	3	0.0%
Real Estate and Rental and Leasing	4,382	29	0.7%
Professional, Scientific, and Technical Services	15,510	77	0.5%
Management of Companies and Enterprises	13,455	48	0.4%
Admin & Support, Waste Management and Remediation	19,395	294	1.5%
Educational Services	28,824	5	0.0%
Health Care and Social Assistance	56,435	33	0.1%
Arts, Entertainment, and Recreation	6,790	718	**10.6%**
Accommodation and Food Services	20,506	571	**2.8%**
Other Services (excluding Public Administration)	11,954	32	0.3%
Public Administration	18,726	26	0.1%

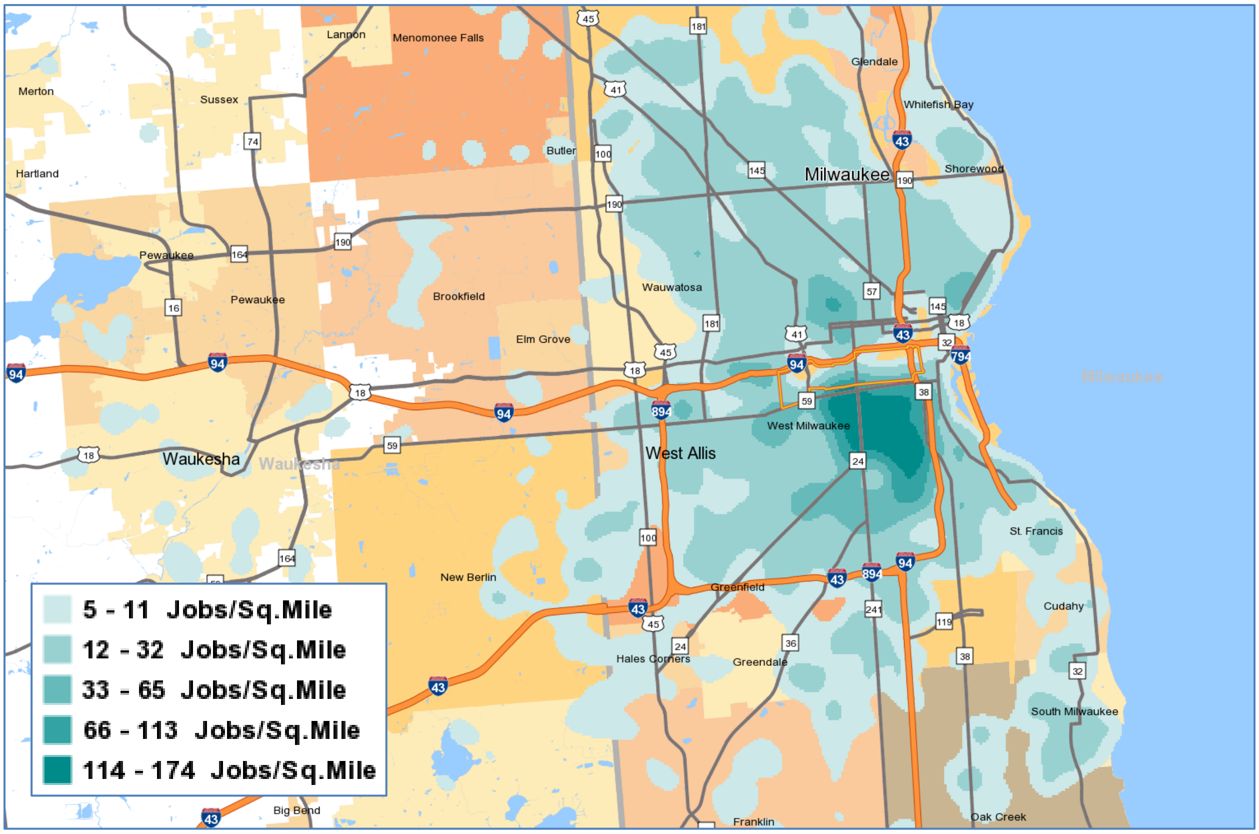
Source: US Census, Local Employment Household Dynamics Program

Other salient employment characteristics for tract 1868 in 2011:

- Valley workers are slightly younger than the city workforce as a whole: 28.6% of Valley workers were age 29 or younger, compared to 22.9% in Milwaukee
- Valley workers are less likely to be employed in high wage work. 33.8% earn more than $3,333 per month, compared to 42.3% in Milwaukee
- Valley workers were more likely to be Hispanic or Latino: 23.1% compared to only 7.8% for the city
- Valley workers had lower formal educational attainment, with nearly 14% not having completed high school, compared to 7.2% for the city.
- Valley workers are less likely to be women – 23% of Valley employees are female, compared to nearly 53% of the overall city workforce.

The first phase of redevelopment for the Menomonee Valley was centered on an objective of strengthening employment in neighborhoods adjacent to the planning area. It was recognized that the Valley's strength as a manufacturing center was based in part on the area's proximity to labor. In 2011, Tract 1868 was home to 4,600 jobs. As shown in **Figure 7**, the most prominent place of residence for Valley workers is in the neighborhoods surrounding the Valley itself.

Figure 7 – Place of Residence for Valley Workers, 2010



Source: US Census, Local Employment Household Dynamics Program

The figure shows origins for Valley employees. Workers employed in the Valley have their home origins predominantly in the city of Milwaukee, in areas immediately south of Greenfield Avenue, with a secondary concentration north of Wisconsin Avenue around N. 35th Street. These data correspond with the results of the stakeholder interview efforts for this plan. Manufacturers in particular often noted that their workforce was drawn from the neighborhoods immediately south of the Menomonee Valley.

Summary of Industry and Labor Analysis

- Although manufacturing represents a consistently shrinking segment of the nation's economy, nearly all the economic driver sectors leading the southeastern Wisconsin economy are in the production of goods. These sectors are particularly beneficial to the region's economy because they are export industries, bringing money in from beyond the region and outside the country.
- The value of the goods exported by driver industries is growing for many sectors since the end of the recession in 2009. For several notable sectors at the three-digit NAICS level, the value of products exported from Wisconsin is growing faster than for the nation as a whole. Key growth sectors measured by export value include leather products, chemicals, wood products, printing, converted paper products, plastic products, and furniture. Other Wisconsin sectors such as machinery manufacturing and electrical equipment and food products are seeing exports increase at a rate commensurate with the industry as a whole.
- Thirty-seven of 41 driver industry sectors in southeast Wisconsin are manufacturing industries. Since the end of the recession, the majority of these industries have seen output rebound, some strongly. Electric lighting equipment manufacturing saw output grow by 68% between 2008 and 2011; other electrical equipment manufacturing output is up 59%; industrial machinery manufacturing is up 30%. Printing, hardware

manufacturing and institutional furniture manufacturing – all driver industries as well – have seen output lag in that period.

- Manufacturing employment in Milwaukee fell steadily between 2002 and 2010, with a large drop in 2009. Since 2010, however, manufacturing employment has seen slow but steady growth in the metropolitan area, but is still below pre-recession employment. However, even though industrial production has largely recovered, job gains have not been commensurate. Only two industry sectors, both in food production, have positive employment gains between 2008 and 2011. In other words, output recovery has been based on increased productivity or outsourcing, not increased employment. Based on past experience with recessions and the results of stakeholder interviews, at some point manufacturing is likely to begin hiring again to maintain growth in output.
- Bureau of Labor Statistics employment forecasts that some occupations are likely to see growth between now and 2020. Of particular note for jobs in the Menomonee Valley, these growth occupations include industrial machinery mechanics, welders, cutters, solderers and brazers, machine tool operators and meat cutters. All these growth occupations are represented by Valley businesses and in the southeast Wisconsin driver industry sectors.
- Entertainment occupations are strongly represented in the Menomonee Valley. As a share of the Milwaukee metropolitan area workforce, jobs in entertainment and food service have been growing for over a decade, while manufacturing employment has been in decline until the last three years. Entertainment jobs have recovered completely since the recession, while manufacturing employment has recovered only 32% of the jobs lost in between 2006 and 2010.
- In 2011, census tract 1868, which covers the center of the Menomonee Valley from Miller Park to 6th Street, was home to 4,600 jobs, about 1.5% of all jobs in the city of Milwaukee. However, at 2,075 jobs, more than 7% of all city manufacturing employment is located in this tract. High rates are also present for utilities, construction and especially arts, entertainment and recreation, at more than 10% of all employment in the city of Milwaukee in this sector.
- Valley workers employed in goods-producing industries tend to live in the area immediately south of the Valley itself. These data are corroborated by interviews with Menomonee Valley employers.

Policy Implications of the Industry and Labor Market Analysis

- As the economy continues to recover, job growth is likely to follow once all productivity gains have been realized. Manufacturing is the cornerstone of the Milwaukee economy and strongly represented in the Menomonee Valley. Manufactureing is likely to continue to provide well-paying jobs for the foreseeable future. It is reasonable to plan for the continued presence and expansion of manufacturing in the Valley.
- Occupations in food preparation, machinery set up and repair and architectural and structural metal fabrication are poised for slow but steady growth.
- Arts, entertainment, hospitality and food service industries employ a growing segment of the Milwaukee area workforce. These jobs are also strongly located in the Menomonee Valley, and the numbers employed in these industries are on track for continued growth. Entertainment jobs tend to be lower paying than manufacturing jobs.
- Balancing the interaction of manufacturing and entertainment uses in the Valley is a key challenge for this plan, allowing a mix of uses that activates more of the Valley for longer periods and on weekends and supporting existing businesses. Real estate experts and other stakeholders see the western and central areas of the Menomonee Valley as better suited to manufacturing use, due to good highway connections, room for maneuvering large vehicles and the potential availability of larger parcels. They see the eastern end of the Valley as suited to a variety of uses, including entertainment, restaurants, and small office developments, based on its proximity to downtown Milwaukee and more restricted freeway access. Entertainment uses are spread along the Valley's spine, anchored by Miller Park, the Potawatomi Casino and Harley-Davidson

Museum. Ancillary entertainment and support uses, such as cafes, restaurants, business services and employee support services such as child care and medical facilities, will support both manufacturing and the destination entertainment businesses that already call the Menomonee Valley home.

- Food production is an industrial anchor in the Valley. Since the last Valley plan, several key manufacturers have located there, including Palermo's Pizza, Rishi Tea, Great Lakes Distillery and a proposed brewery expansion. Industries in the 311 NAICS classification employ nearly 10,000 people in the region. Most of these outlets include retail, tasting rooms or tours for the general public. With the rapid establishment of a culinary district immediately to the east, along S. 2nd Street, it may be valuable to find ways to strengthen this cluster in the Valley. This could include continued recruitment of these businesses and further focus groups to determine particular needs for young businesses. A central kitchen facility may be valuable.

Note: in July 2014, following the completion of the analysis documented in this section, Cargill announced the closure of its beef processing facility in the Menomonee Valley, with the immediate elimination of approximately 600 jobs. These data are not reflected in the analysis.

MENOMONEE VALLEY 2.0 MARKET STUDY: LAND USE ANALYSIS

The Menomonee Valley is unique in the city of Milwaukee for its physical characteristics and mix of uses. The Valley is a natural employment center, with attributes making it attractive for industrial and other types of development. These characteristics, as identified in the stakeholder interview program, include excellent freeway access, proximity to workforce, a strong business association, high profile location near downtown, and the Valley's overall central location in the Milwaukee metropolitan area. Furthermore, the floor of the Menomonee Valley is physically separated from conflicting land uses by the bluffs lining its north and south edges.

The Menomonee Valley Market Study examined land use characteristics in the planning area to inform future policy and initiatives by the city and MVP and other stakeholders to continue the redevelopment of the planning area. The analysis includes an evaluation of parcels that are subject to change uses or intensity of use, area requirements and land availability for future industrial development, an evaluation of tax exempt parcels, and areas that may be suitable for future industrial development. The study team developed an online mapping application that identifies parcels based on these characteristics, and that can reveal clusters of parcels subject to change and with desirable features for redevelopment. Finally, the study includes an evaluation of two areas adjacent to the Valley that have exhibited friction between manufacturing and other land uses.

Parcels Subject to Change

To assess the status of parcels that may be subject to change land uses or intensities, the study team mapped parcel attributes that are indicators of land use instability. By establishing thresholds for each attribute, or factor, the team layered the indicators onto each parcel in the Valley. Those that exhibit higher numbers of the factors may be considered to be more subject to change in the future.

The attributes considered were drawn from City of Milwaukee parcel data (MPROP), real estate marketing data (MVP), and foreclosure data from Map Milwaukee (MM). The factors are summarized in **Table 10**.

Table 10 – Subject to Change Factor Summary

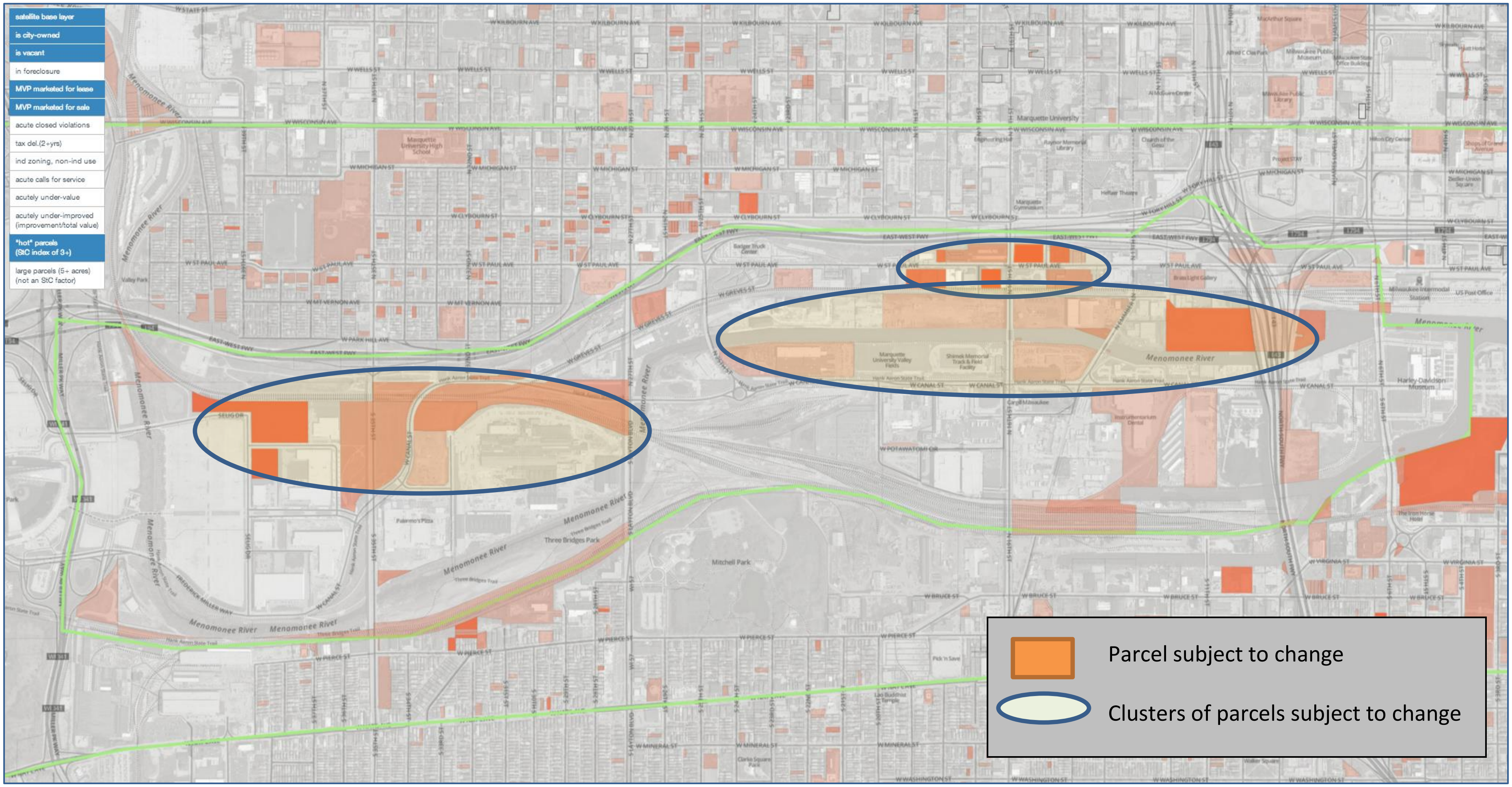
Factor	Source	Parcel evaluation criteria	Number of parcels meeting this criterion
Tax Delinquency	MPROP	1 - if 2 or more years delinquent	5
Building Code Violations	MM	1 - if more than 8 closed violations (8 is the top quintile of closed violations in the Valley, among parcels with closed violations)	16
City Owned	MPROP	1 - if owned by a City of Milwaukee entity	21
Calls for Service	MM	1 - if more than 5 closed CFS (5 is the top quintile CFS among all city parcels with closed violations)	6
Zoning-Land Use Mismatch	MPROP	1 - if "industrial mismatch" land use is NOT manufacturing and zoning IS industrial	132

Factor	Source	Parcel evaluation criteria	Number of parcels meeting this criterion
Undervalue	MPROP	1 - if total assessed value per square foot is less than Valley lowest quintile for tax exempt ($0.37) or non-tax-exempt categories ($4.27)	43
Under-improved	MPROP	1 - if the parcel's assessed improvement to total value ratio is less than the Valley lowest quintile for non-tax-exempt parcels (22.4%) (90 valley tax exempt parcels have no listed improvement value, so they are not included in this criterion)	20
Foreclosures	MM	1 - if in foreclosure	0
For Lease	MVP	1 - parcels that are marketed for lease or sale by MVP (as of 3/4/14)	5
For Sale	MVP	1 - parcels that are marketed for lease or sale by MVP (as of 3/4/14)	11

Parcels that exhibit positive values for three or more indicators are considered “hot” parcels. **Figure 8** shows the “hot” parcels, along with those actively being marketed and those under City of Milwaukee ownership. These factors indicate both susceptibility to change and the potential for the city to act to catalyze redevelopment. Three readily identified clusters are revealed with these factors highlighted.

One, on the west end of the Valley, is comprised of parcels that are either currently under development or those that are currently used for stormwater management for the Menomonee Valley Industrial Center. This area is unlikely to be suitable for industrial development. Another cluster, located along St. Paul Avenue on either side of the 16th Street Viaduct, is comprised largely of underutilized parcels, mostly of relatively small size, and partly derelict structures. Based on discussions with real estate professionals and industry operators, the St. Paul cluster is more likely suited for uses other than large scale manufacturing. The final area is the center of the Valley, on both sides of the river between 35th Street and the Marquette Interchange. There are in this section several large city-owned parcels currently used for DPW operations. This area is the most likely to provide suitable parcels for industrial redevelopment at the scale experienced in the Menomonee Valley Industrial Center. Particularly on the south side of the river, parcels have excellent access to the freeway system and enough space for large footprint buildings. This area may be suitable for catalytic projects in the Menomonee Valley Land Use Plan Update.

Figure 8 – Parcels Susceptible to Change



Source: Big Lake Data and URS

Industrial, Entertainment and Tax Exempt Parcels

Manufacturing and entertainment land uses coexist in the Menomonee Valley, and the future of that coexistence emerged as a prevalent theme in the stakeholder interview program. **Table 11** details their relative proportions by area. Entertainment uses include all entertainment and food services uses and their associated parcels, primarily used for parking and ancillary services; key entertainment facilities in the Valley include the Potawatomi Bingo Casino, Miller Park, the Harley-Davidson Museum and Marquette University's Valley Fields sports arenas. Other major land uses in the Menomonee Valley (not shown in Table 2) include electrical power generation and transportation uses, such as the railroads, local streets and an interstate freeway.

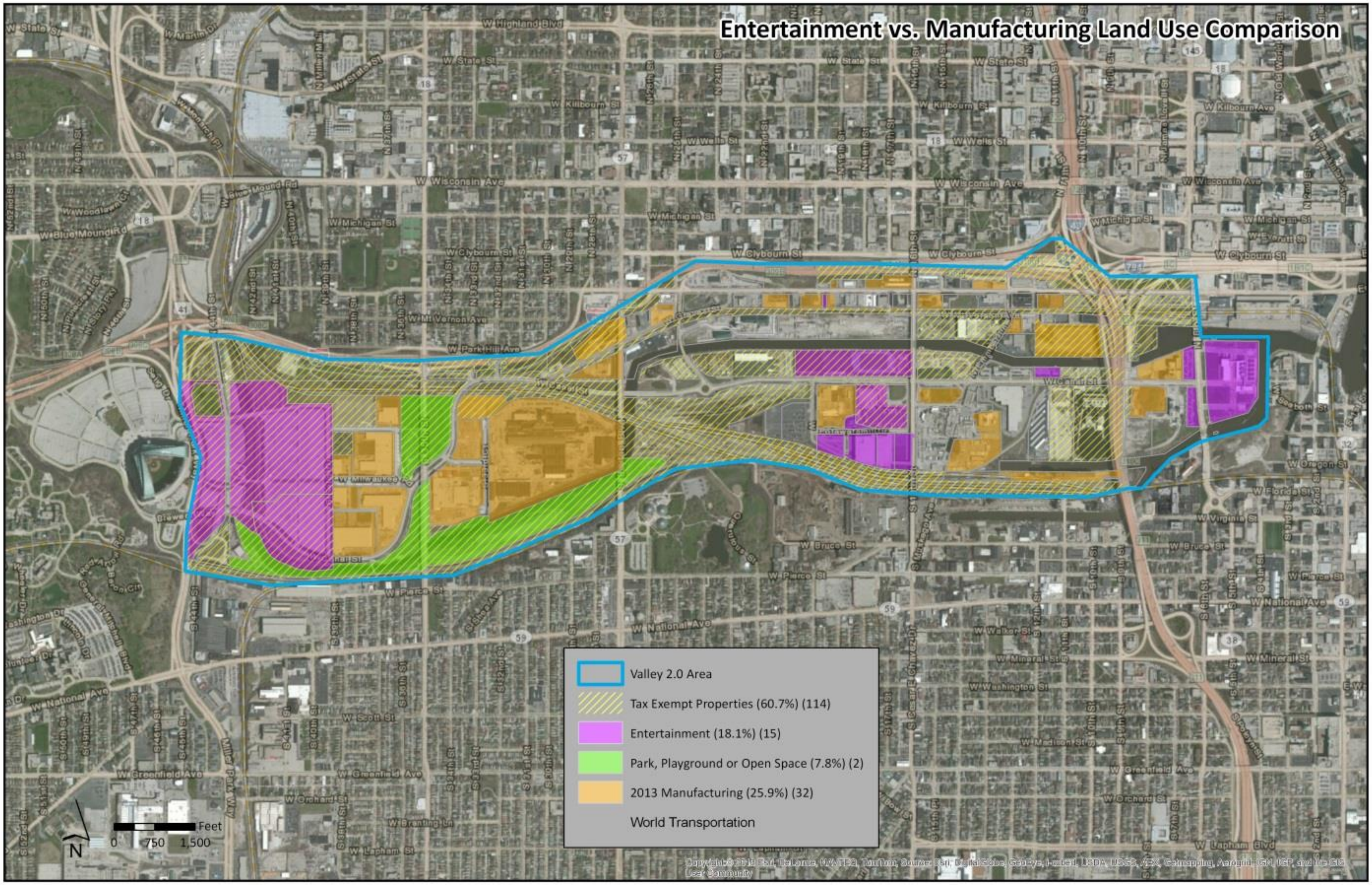
Table 11 – Land Use by Type and Area

Land Use Category	Parcels	Area (Million Square Feet)	Proportion of Valley Area
Total	213	34.6	100%
Manufacturing	32	8.9	25.9%
Entertainment	15	6.2	18.1%
Park & Open Space	2	2.7	7.8%
Tax Exempt	114	21.0	60.7%

Source: City of Milwaukee MPROP

More than 60% of all land area in the Valley is exempt from local taxation, a rate nearly twice that of the city as a whole. Major tax exempt areas include Miller Park and its parking lots, Canadian Pacific railroad land, city owned parcels, Marquette University's athletic stadium, the Potawatomi Casino gaming operations, and state-owned freeway right of way. **Figure 9** shows the locations of these land use features.

Figure 9 – Land Use Types and Locations



Source: URS

URS

Special Areas

The areas adjacent to the Menomonee Valley proper, particularly along St. Paul Avenue on the north edge of the Valley and along Pierce and Bruce Streets on the south, present unique challenges from a land use perspective. These districts have historically been home to small manufacturers; St. Paul Avenue is zoned for heavy industrial use, while Pierce and Bruce Streets are zoned for the more permissive Industrial Mixed category.

On St. Paul Avenue, outdated manufacturing facilities are no longer of utility for modern industrial uses. Some of these buildings are long vacant, occupied by squatters and generally blighted. Due to the area's proximity to the central business district and Marquette University, some property owners desire a loosening of zoning regulations to allow other uses, particularly residential, in these underutilized structures. Existing manufacturing and service industries would like their interests and presence protected, and fear that adding residential or even office uses would cause conflicts by impacting parking demand and their shipping and receiving operations, which are already compromised by narrow roadway widths and lack of north-south connectivity.

Along Pierce and Bruce Streets, existing manufacturing is functioning adequately, but business owners are concerned that the area's Industrial Mixed zoning is unable to protect them from an incursion of incompatible uses. Examples include establishment of a charter elementary school adjacent to a lead foundry and the conversion of underutilized industrial buildings into multi-family and senior housing. Manufacturers worry that an influx of residents and children into the area will cause conflicts, particularly given the environmental hazards associated with past uses in the district and with the movement of trucks on the area's narrow streets.

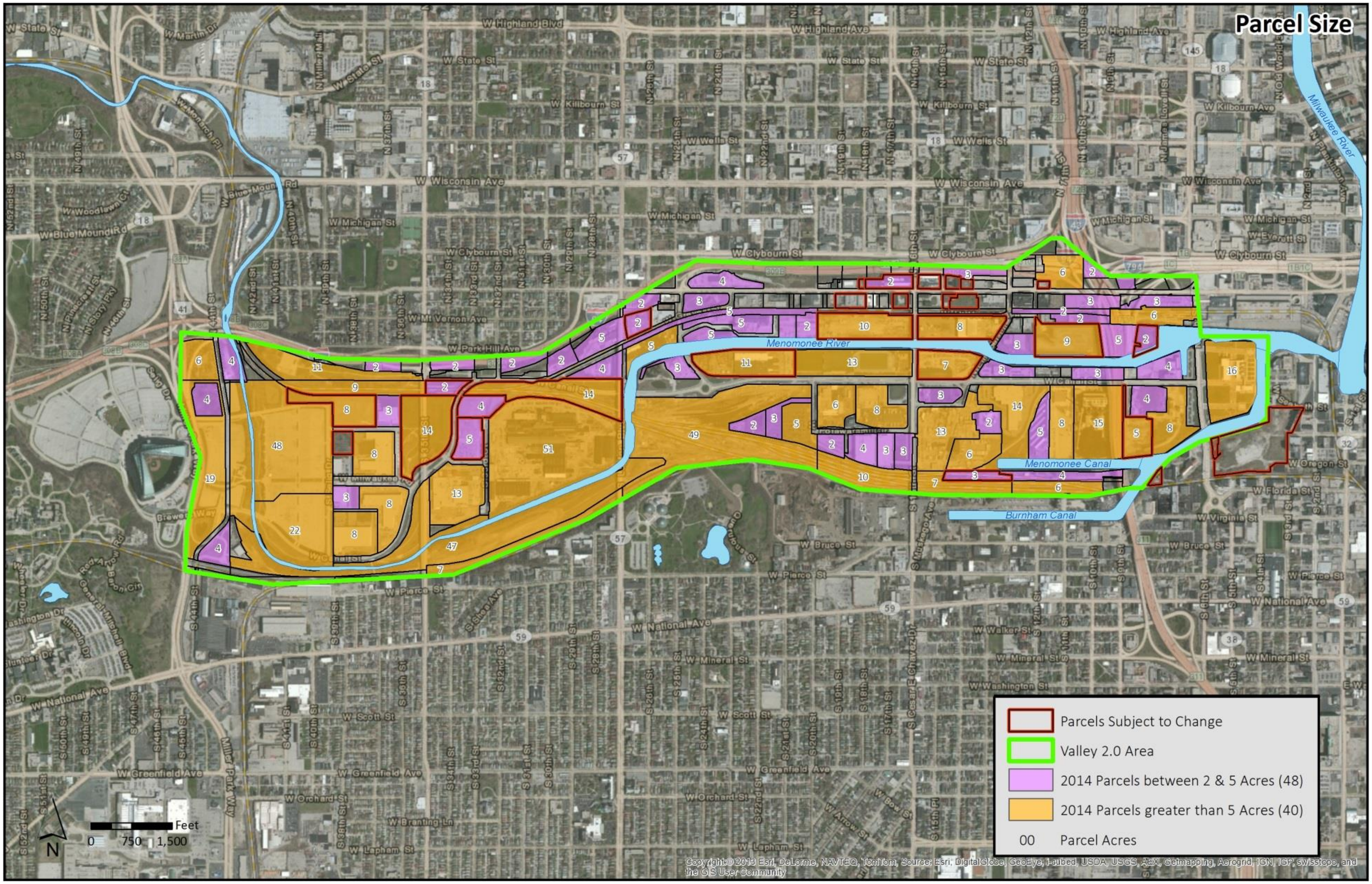
Future Land Demand

The Menomonee Valley is the historic center of Milwaukee's manufacturing economy. Manufacturing remains the driver industry sector for Milwaukee's economy, and growth in output (though not matched by employment gains since the 2007 recession) indicates that goods producing industries will remain the key to the local economy for the foreseeable future. At the same time, entertainment industries are growing in importance to the area's economy; more than 1,200 people are employed in these industries in the Valley.

The parcels redeveloped with the first Menomonee Valley plan are centered around the Menomonee Valley Industrial Center, the former Milwaukee Road shops on the west end of the Valley. This modern business park, with its innovative shared regional stormwater management facilities, is a nationally-recognized urban industrial redevelopment effort. Parcel sizes in the MVIC average about 6 acres in area. Interviews with MVP and area commercial real estate brokers indicate coming demand for two different classes of industrial parcels. Demand exists for parcels of 10-15 acres for one class of manufacturers, and for parcels of 3-5 acres for the type of small and mid-sized businesses that have tended to locate in the Valley over the last decade of redevelopment. More than just available acreage, real estate professionals note that the parcels must be "development-ready."

Figure 10 shows parcel sizes in two categories, along with acreage figures, overlaid with the subject to change parcels outlined in **Figure 8.** It reinforces the analysis that the center of the Valley should be preserved for industrial use. This area may be a reasonable location to focus catalytic project development.

Figure 10 – Parcel Sizes and Parcels Subject to Change



Source: URS

Land Use Analysis Policy Implications

- Entertainment and manufacturing uses coexist in the Valley currently, and in some respects – particularly in employing people with a range of skills and educational attainment and activating the area seven days a week – they complement one another. The plan should consider addressing sources of friction between the two classes of use, such as goods movement, clean operations and traffic congestion.
- The center of the Valley, along Canal Street between 35th Street and the Marquette Interchange, appears to be the area most suitable for redevelopment with manufacturing uses. Large parcels could be made available here.
- The city and its partners should consider developing visualizations of key redevelopment parcels, showing how buildings of various sizes appropriate to manufacturing could be situated, along with parking and semi-truck loading areas.
- The predominance of tax exempt land uses in the Menomonee Valley may not be in the city's best interests over the long term, given the potential for manufacturing and entertainment development in the area. The city may want to consider vacating some of the land currently occupied by Department of Public Works operations, and prepare this land for development. Such a strategy comes with relatively high risk if development is slow to materialize, but if properly located could catalyze a second wave of industrial redevelopment in the center of the Valley.
- If privately held tax-exempt properties can be reduced in size, the city will benefit. For example, the city and MVP could work with Canadian Pacific Railroad and the Wisconsin Department of Transportation to market land that is surplus to the railroad's needs. This may mean cooperatively working with the railroad to address its operational needs. Similarly, the city and MVP could work with Marquette University to plan for the future of its recreation facilities in the Valley in ways that meet the university's desire to provide accessible, secure facilities for students and visitors while maximizing the developable land in the center of the Valley. Finally, as the redesign of the I-94 progresses, the city and MVP could work with WisDOT to prioritize the creation of buildable parcels with good freeway access in areas where freeway right of way will be impacted.
- Preserve space for another stormwater management facility in center of valley. Regional stormwater management is among the key assets for redevelopment in the Valley, along with access to the interstate freeway system.
- The city could consider loosening zoning on St. Paul Avenue to spur redevelopment into office-showroom-manufacturing uses. The buildings there are not likely to be adapted to heavy manufacturing, and light manufacturing-showroom uses for creative businesses may be an answer to adaptive reuse of blighted structures. Although St. Paul Avenue is situated near Marquette University, adding housing to the mix of uses may create problems with existing manufacturing.
- Pierce and Bruce Streets are home to a mix of smaller heavy industries that would have difficulty relocating due to their permitting requirements. The Industrial Mixed zone in this district may be too permissive of uses that are not particularly compatible with the heavy industries located there. These manufacturers tend to draw employees from the surrounding neighborhood, do not require high educational attainment from their employees, have proven themselves willing to train employees, and source materials and services within their near south side neighborhood. Their presence at the edge of the Menomonee Valley is a decided benefit to the area and to the city's employment mix. It may be beneficial for the city to revisit the uses permitted in the industrial-mixed classification to determine if it is too loose, allowing the establishment of uses that are not compatible with the existing industries (e.g. schools, senior housing). Alternatively, a neighborhood industrial zoning overlay could be established that could be applied citywide after working with stakeholders to determine uses that are compatible with these heavy industries located at the edges of established residential neighborhoods.